United Nations

Financial report and audited financial statements

for the biennium ended 31 December 1995 and Report of the Board of Auditors

Volume IV
United Nations University

General Assembly
Official Records • Fifty-first Session
Supplement No. 5 (A/51/5)

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The financial report and audited financial statements for the biennium ended 31 December 1995 and the report of the Board of Auditors regarding the United Nations, the United Nations Peacekeeping Operations and the International Trade Centre are being issued as volumes I, II and III, respectively.

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ABBREVIATIONS

FAO	Food and Agriculture Organization of the United Nations
OPEC	Organization of the Petroleum Exporting Countries
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNU/BIOLAC	United Nations University/Programme for Biotechnology in Latin America and the Caribbean
UNU/IAS	United Nations University/Institute of Advanced Studies
UNU/IIST	United Nations University/International Institute for Software Technology
UNU/INRA	United Nations University/Institute for Natural Resources in Africa
UNU/INTECH	United Nations University/Institute for New Technologies
UNU/WIDER	United Nations University/World Institute for Development Economics Research
WHO	World Health Organization

17 July 1996

Dear Mr. Prempeh,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the United Nations University for the biennium 1994-1995 ended 31 December 1995, which I hereby approve. The financial statements have been drawn up and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(Signed) Boutros BOUTROS-GHALI

Mr. Osei Tutu Prempeh
Chairman
United Nations Board of Auditors
New York

31 July 1996

Sir,

I have the honour to transmit to you the financial statements of the United Nations University for the biennium 1994-1995 ended 31 December 1995, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Osei Tutu PREMPEH
Auditor General of Ghana
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

I. FINANCIAL REPORT FOR THE BIENNIUM 1994-1995 ENDING 31 DECEMBER 1995

Introduction

1. The General Assembly adopted the charter of the United Nations University by its resolution 3081 (XXVIII) of 6 December 1973 and decided that the University would have its headquarters in Tokyo. Authority for the University's policies, work programmes and budget is vested in a Council of 28 members. The Rector, who normally serves for five years, is the chief academic and administrative officer of the University.

Financing of the United Nations University

2. The charter of the United Nations University provides that capital costs and recurrent costs of the University shall be met from voluntary contributions for the University, or from income derived therefrom. Contributions are made by Governments, intergovernmental organizations and non-governmental sources, including foundations, universities and individuals. The funds of the University are kept in a special account established by the Secretary-General of the United Nations.

3. The University derives its income from two sources - income from an Endowment Fund and contributions to the Operating Funds. The Endowment Fund was established to record transactions relating to the funds contributed by donors, governmental and non-governmental. At its ninth session, held in Tokyo in December 1977, the Council of the University decided to establish a special segment in the Endowment Fund for the purpose of financing the University's programmes designed to assist the developing countries. The purpose of this action was to increase the funding available to the University to assist its work relevant to development. As the work of the University expanded, the Endowment and Operating Funds were enhanced by voluntary contributions for the UNU World Institute for Development Economics Research (UNU/WIDER), located in Helsinki, the UNU Institute for New Technologies (UNU/INTECH), in Maastricht, the Netherlands, the UNU International Institute for Software Technology (UNU/IIST), in Macau, the UNU Institute for Natural Resources in Africa (UNU/INRA), in Accra, the UNU Programme for Biotechnology in Latin America and the Caribbean (UNU/BIOLAC), in Caracas, the UNU Institute of Advanced Studies (UNU/IAS), in Tokyo, and other specific activities.

4. During the biennium the Governments of the following States or territories pledged and/or made contributions to the Endowment and Operating Funds: Austria, Barbados, Brazil, Canada, China, Egypt, Finland, France, Greece, India, Ireland, Japan, Jordan, Macau, Netherlands, New Zealand, Peru, Portugal, Republic of Korea, Spain and Sweden.

Financial position of the United Nations University

5. As shown in statement I, during the biennium 1994-1995 total income was $96.2 million, compared to $91.5 million during the biennium 1992-1993. The breakdown of the 1994-1995 income is as follows: contributions to the Endowment Fund, $10.4 million; operating and programme contributions, $20.9 million; interest income and dividends from the Endowment Fund, $31.9 million; interest income from the Operating Fund, $1.2 million; contributions for the headquarters

building, $2.8 million; sales income and royalties from publications, $0.5 million; and miscellaneous income, $28.5 million.

6. Total income from investments of the Endowment Fund was $31.9 million, of which $20.2 million was allocated to UNU headquarters, $5.4 million to UNU/WIDER, $2.3 million to UNU/INTECH, $3.3 million to UNU/IIST, $0.4 million to UNU/INRA, and $0.3 million to UNU/BIOLAC, in accordance with the ratio of contributions to the Endowment Fund from the respective donors.

7. Total expenditure was $56.6 million for the biennium, of which $5.8 million comprised unliquidated obligations as at 31 December 1995, compared to $48.6 million in total expenditure during the biennium 1992-1993.

8. The balance of the Operating Funds as at 31 December 1995 amounted to $29.5 million, the breakdown of which is as follows: $16.9 million for UNU headquarters, $4.3 million for UNU/WIDER, $2.1 million for UNU/INTECH, $0.6 million for UNU/IIST, $3.6 million for UNU/INRA, $0.4 million for UNU/BIOLAC and $1.6 million for UNU/IAS.

9. Statement II shows that the combined assets amounted to $323.8 million and the combined liabilities to $11.3 million. The assets included $14.9 million representing voluntary contributions to the United Nations University receivable from Governments, the details of which are given in schedule 2.1.

10. Funds held in cash and term deposits as at 31 December 1995 amounted to $20.6 million, which included interest-bearing bank deposits of $19.5 million.

11. Schedule 2.1 reflects the combined status of voluntary contributions from Governments as at 31 December 1995. The total amount collected during the biennium 1994-1995 was $27.1 million, leaving $14.9 million receivable as at 31 December 1995.

12. Statement III shows that the amount of cash and term deposits as at 31 December 1995 decreased by $1.4 million during the biennium.

13. Statement IV shows the appropriations approved by the Council of the University and the actual expenditure during the biennium 1994-1995.

Activities of the United Nations University

14. The biennium 1994-1995 represents the final two years of UNU activity under the University's second Medium-term Perspective (MTP II) for the period 1990-1995.

15. The overall academic programme of the University is planned and implemented by the Academic Division at headquarters and by the research and training centres and programmes, in cooperation with associated institutions designated by the Council and with other institutions and organizations, as well as individuals, scholars and scientists throughout the world. During the biennium, the overall University programme included activities in the areas described below. Some notable activities in 1995 are highlighted.

Universal human values and global responsibilities

16. There was a continued focus on issues of peace, security, conflict resolution and governance. Four programmes aimed at addressing the complex

issues involved in managing change in an increasingly interdependent world are being undertaken: (a) the United Nations system, global governance and security; (b) conflict resolution and ethnicity; (c) governance, State and society; and (d) culture and development.

17. In January 1995, the University organized a high-level symposium in Tokyo for policy makers, academics and the general public on the latest developments in peacekeeping and humanitarian operations. The two-day symposium discussed theoretical justifications for the use of force and humanitarian intervention and made practical policy recommendations on mission mandates, rapid/reaction capabilities and training needs.

18. UNU launched a major research initiative on "The United Nations system in the twenty-first century" at a symposium held in Tokyo on 21 and 22 November 1995, in commemoration of the fiftieth anniversary of the United Nations and the twentieth anniversary of the University. The symposium was organized in cooperation with the Academic Council on the United Nations System and the International Cooperation and Research Association. The objective of the six-year project is to explore and suggest the most appropriate models for international organizations, especially the United Nations, that would best serve human needs in the twenty-first century. The first phase will evaluate the rationale and concepts behind the activities of international organizations. The project will also take stock of the capabilities of the United Nations and seek to diagnose problems that currently plague the system. The second phase of the project will combine these theoretical inquiries with empirical studies to produce workable future scenarios for international organizations. Research topics will include States and sovereignty, global citizenship, regionalism, and the role of the international civil service.

19. The experiences and involvement of India, Ireland and Sweden in United Nations peacekeeping operations was the focus of a comparative study undertaken by UNU under the International Programme on Conflict Resolution and Ethnicity (INCORE) at the University of Ulster. The project is expected to provide recommendations on how to improve the preparation and training of both civilian and military peacekeepers. Research activities are being carried out by teams from INCORE and the Irish Peace Institute of the University of Limerick and the Austrian Study Center for Peace and Conflict Resolution. A database of bibliographic materials has been established at the Irish Peace Institute under this project.

20. Drawing on the resource base of scholars from the Catalan academic community and funded by the Directorate-General of Research of the Generalitat of Catalunya, Spain, the UNU's explorations of governance issues continued during the period. Two inter-university projects included graduate students and representatives of government and civil society. Promising young faculty members participated in colloquiums and workshops; occasional papers and articles are the expected initial outputs from these efforts. The long-term objective of these activities is the establishment of a UNU research and training centre for the study of governance, headquartered in Barcelona.

21. A joint symposium on "Science and culture" was organized by UNU and UNESCO, in cooperation with the Government of Japan, in September 1995. The keynote addresses were given by Kenzaburo Oe, Nobel Laureate in Literature, and Jacques-Yves Cousteau. The symposium's goal was to identify a comprehensive and interdisciplinary strategy in science and culture.

New directions for the world economy

22. The work of UNU under the theme of new directions for the world economy is carried out within three programme areas which relate to issues taken up at the World Summit for Social Development, held at Copenhagen in March 1995, and in the "Agenda for Development": (a) growth and sustainable development: evolving global, regional and national structures and mechanisms; (b) socio-economic dimensions of development: employment equity and gender issues; and (c) global change and perspectives.

23. In Latin America, the focus of the growth and sustainable development programme has been on how well the continent's economies are weathering the forces of globalization. Research directed at answering that question, organized by UNU/WIDER, was completed in April 1995. The subject was particularly timely in the light of the liquidity crisis in Mexico and the economic repercussions elsewhere in Latin America. Events underlined the limited capabilities of those economies to withstand the adverse consequences of globalization. The UNU/WIDER study first examined different perspectives on the question held by major schools of thought within the Latin American academic community. It then traced the impact of outside flows of capital, trade and technology on Latin American cultures. The research findings have already led to one key researcher being invited to provide policy advice and recommendations to a Government in the region. The first part of the study will be published in the UNU/WIDER "World Development Studies" series.

24. In Asia, the research spotlight has been on rural economies and the impact of new liberalization policies. The study focuses on rural producers in Bangladesh, India, Nepal and Sri Lanka, examining the changes in local markets and rural production since the initiation of the liberalizing programmes.

25. In Africa, research organized by UNU/WIDER has been directed at helping to move the continent, and its resource-based developing economies, from a reluctant adjustment course to a more sustained growth path. A UNU/WIDER project on "Resource mobilization and sustainable growth in Africa" was continued. Work by a research team at the institute was devoted to preparing materials for publication. These included a booklet entitled International Economic Policy and Trade in Africa, to be published by UNDP; a chapter, "Efficacy of Structural Adjustment Policies in Africa", for the volume Challenges of African Development: Structural Adjustment and Implementation; and a UNU/WIDER "Research for Action" series publication, "Impacts of Africa's Growing Debt on its Growth". The volume, Mobilization of the Endowed Resources to Achieve a Sustainable Path of Growth in Africa, is in the final publication stage.

26. Within the programme on the socio-economic dimensions of development, the changing employment patterns and the structure of unemployment in African economies form the basis of an ongoing UNU/WIDER effort. The project takes a policy-oriented approach in examining changing employment patterns by sector, occupation, age and gender. It has also looked at the subject along relevant dichotomies - for example, formal versus informal, self-employment versus wage-employment, private-sector versus public-sector employment - and includes an analysis of labour market legislation and organization.

27. Thirteen studies of sub-Saharan African countries have been commissioned. Research is expected to reveal new information on the role of the informal sector in employment creation, the structure and role of labour market institutions in Africa and the role of small enterprises in the labour market.

A joint workshop of UNU/WIDER and UNU/INRA on "Changing employment patterns and the structure of unemployment in Africa" was organized in Accra, Ghana, in July. The Employment and Development Department of the International Labour Organization (ILO) collaborated in the organization of the meeting. Research findings from this project also contributed to a UNU/WIDER conference on human settlements (Habitat II) held in August 1995.

28. UNU/WIDER served as the focal point for the UNU research contribution to the World Summit for Social Development, held at Copenhagen in March 1995. The output from the Conference on the Politics and Economics of Global Employment, held at Helsinki in June 1994, was compiled in a two-volume book, Global Employment: An International Investigation into the Future of Work. The first volume was delivered to each national delegation at the Copenhagen meeting; an official launching ceremony for the new book was attended by President Martti Ahtisaari of Finland, President Arpad Göncz of Hungary, Percival Patterson, Prime Minister of Jamaica, and Paulo Renato de Souza, Minister of Education of Brazil.

29. Within the global change and perspectives programme, the ongoing transformation of the global military sector, largely as a result of the ending of the East-West ideological clash, has been the focus of a continuing effort by UNU/WIDER. The project looks at both the supply and demand sides of security requirements. Research efforts will lead to a set of recommendations to international institutions on how the restructuring process might be managed with a minimum of fragmentation and violence. Two volumes have resulted from this project; the manuscripts were completed in 1995.

30. "Global change and modelling", a project begun in 1991, involves a network of institutions cooperating in an effort to improve understanding of the complex, dynamic and often non-linear systems underlying global change. Efforts in this area are closely linked with the work on eco-restructuring. It seeks to generate information on how to build alternative plausible scenarios for the twenty-first century that take into account new and complicated questions of energy use, resource demands, population growth and production configurations.

31. A major UNU conference on the "Sustainable Future of the Global System" was held at UNU headquarters in October 1995. The meeting was a follow-up to an April workshop at the International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria. A special focus of this global modelling is the Asia-Pacific region.

Sustaining global life-support systems

32. Work in the area of sustaining global life-support systems is organized within five programmes: (a) eco-restructuring for sustainable development; (b) integrated studies of ecosystems; (c) information systems for environmental management; (d) natural resources in Africa; and (e) environmental law and governance.

33. Within the programme on eco-restructuring for sustainable development, analysis of the conditions for successful governance related to the environment in 14 developed and developing countries has been the focus of a UNU/WIDER project on "National Environmental Policies: A Comparative Study of Capacity-building". The first phase of research involved compilation of information on case studies in Chile, China, Denmark, Germany, Japan, Latvia, the Netherlands, Nigeria, the Republic of Korea, the Russian Federation, Sweden, Switzerland, the

United Kingdom and the United States. A second phase reviewed the case studies at a workshop held at the Science Centre Berlin in early May.

34. A pilot project was initiated by UNU/INTECH in 1994 to examine the legal framework for environmental control in a developing country and to examine the effectiveness of enforcement of environmental law. The project followed a 1994 workshop on the "Transfer of Environmentally Sustainable Technology" financed by the Ministry of Development Cooperation of the Netherlands. The pilot project involved field research in Mexico aimed at determining how the technological decisions of local and foreign firms were influenced by the legal framework for environmental protection in Mexico. A second study to examine behaviour at the level of the firm in a less industrially developed country was carried out in the United Republic of Tanzania in 1995. The pilot studies have led to the preparation of a proposal for a three-year project on "Environmental Regulation, Globalization of Production and Technological Change". The European Commission has accepted the proposal and project activities which will analyse the impact of environmental regulations on technology and competitiveness of European Union industry, particularly in relation to newly industrializing and less developed countries, and the way in which these are reflected in the pattern of trade, investment and employment.

35. Within the programme on integrated studies of ecosystems, UNU work related to disaster-prone regions and disaster reduction was interrupted dramatically by the great Hanshin earthquake which occurred just as a workshop on urban earthquake mitigation was being organized in Osaka on the morning of 17 January 1995. Activities within the project are being consolidated, leading towards the establishment of the Global Network on Natural Disaster Risk Management (GLO-DISNET) jointly with Stanford University, the International Centre for Disaster Mitigation Engineering (INCEDE) of the University of Tokyo, and the World Seismic Safety Initiative (WSSI). The network will facilitate the exchange of information on research and training activities as well as on direct experience in disaster risk management and mitigation among researchers and disaster managers. Emphasis is being placed on the inclusion of developing countries in the network. For this purpose, a task force session was organized in connection with the Pacific Science Congress held at Beijing in June. The meeting on "Harnessing the Communication Revolution: Towards a Global Disaster Network" was instrumental in broadening knowledge of GLO-DISNET and in ensuring coordination with other initiatives in the field. A GLO-DISNET home page with extensive information and data links has been established on the World Wide Web (http://blume,stanford.edu:8080/). Other more traditional means of dissemination are also being included to ensure that developing country participants are also able to have access to the information.

36. A UNU project on the management of international waters seeks to promote sustainable management of bodies of water that fall within the jurisdiction of more than one country. This would require not only environmentally and technologically sound management options but also careful analysis of historical, political, economic, social and legal issues. UNU facilitates dialogue between policy makers based on sound scientific principles. Project activities focused on two main international forums. The Asian Water Forum was organized with the International Water Resources Association and UNEP at the Asian Institute of Technology in Bangkok in January and February 1995. The forum focused on management issues of three major river basins in Asia: the Mekong, the Salween, and the Ganges-Brahmaputra. As a follow-up to the forum, UNU is planning a study of the Salween river system aimed at the possibility of establishing a Salween Committee along the lines of the Mekong Committee.

37. Within the programme on information systems for environmental management, UNU has begun to implement a set of activities in a major project on "Environmental Monitoring and Analysis in the East Asian Region: Technology Transfer and Environmental Governance". The tree-year research, training and dissemination project will involve some 80 scientists from nine countries in the East Asian region. Training of scientists from the region in analysis and in the generation of standard reference material will be a first step. A major objective of the project is to promote calibrated techniques and methodologies in the region to produce reliable data for further interpretation. Scientists will analyse pollutants in rice and grain foods, soils and industrial wastes, fish tissue, water (synthetic), sediment, and atmospheric pollution. The project will include the use of specialized equipment to assist in calibration and knowledge and technology transfer; it is being supported by the UNEP Regional Coordinating Unit for East Asian Seas and has received financial support from the Japanese private sector through the Japan Foundation for UNU.

38. In March 1995, UNU co-organized an international symposium on small islands and sustainable development. UNU held a one-day planning meeting prior to the symposium to provide inputs for its Small Island Network, which is seen as a means to link UNU research and scholars in issues related to small islands. Utilizing electronic media, UNU has developed a substantial membership of interested academics and researchers and has held a number of electronic seminars.

39. The fourth UNU environmental forum was organized in May on the topic "Population, Land Management and Environmental Change" (PLEC). It had been originally planned for January, but the great Hanshin earthquake made it necessary to postpone the meeting. The meeting was based on research carried out under the UNU PLEC initiative. In addition to conceptual papers on land management and biodiversity in agricultural areas, farmers' participation and the role of women, case studies focusing on northern Thailand, Papua New Guinea and the Brazilian Amazon were presented. The forum was organized in cooperation with the UNEP International Environmental Technology Centre (IETC), with support from the private sector in Japan.

40. Within the programme on natural resources in Africa, activities of UNU/INRA are primarily devoted to project formulation and feasibility studies on key aspects of its future work. A major preoccupation of the institute has been the completion and extension of the field survey phase of its earlier work. Field surveys have been prepared on water, mineral and plant resources and indigenous African food crops. Preparations are under way to publish nine additional field surveys, with 14 other surveys still in various stages of editing or revision prior to publication.

41. In June, UNU/INRA formally commissioned the UNU/INRA computer workstation of the mineral resources unit at the University of Zambia, in Lusaka. The facilities include computers and accessories, geological mapping equipment, image processing software and audio-visual equipment. The workstation will form an integral part of the work of the unit. The purchase of the equipment for the workstation was made possible by a grant from the OPEC Fund for International Development.

42. Within the programme on environmental law and governance, important but unsettled international legal issues frequently arise in the environmental arena - as, for example, with ecological threats that ignore national boundaries. The UNU is attempting to meet an educational need here in organizing courses in various parts of the world. A global faculty training

workshop, organized in Barcelona in July, trained young university law faculty in the teaching of international environmental law. A UNU teacher package was produced, comprising prepared lecture notes, modules, reference materials, textbooks and a guide on teaching methodologies. It is hoped that participants will use the UNU materials in teaching international environmental law at their home institutions. A video tape of the workshop is also available for use by university faculty as a teaching tool.

Advances in science and technology

43. Academic work on the subject of advances in science and technology is organized under four programmes: (a) social-economic implications of new technologies; (b) applications of biotechnology for development; (c) software technology for developing countries; and (d) microprocessors and informatics.

44. Within the programme on the social-economic implications of new technologies, UNU/INTECH research has continued to look at the variety of production spin-offs by technology institutes in China. Special interest focuses on enterprises in the information technology fields and on the evolution of reform policies. Additional field work in China in April and May investigated the transformation of research and development and technological systems in the Chinese machinery industry. The possibilities for using a similar methodology on country comparisons, particularly with India, are being explored.

45. The UNU/INTECH project on "New Technologies, Economies of Scale and Scope and Location of Production in Developing Countries" was completed in 1995. A volume containing country studies, overall conclusions and implications and policy recommendations was submitted to the publisher in December. The study found that the diffusion of microelectronics-based control systems and production and design equipment in Brazil, India, Mexico, Thailand, Turkey and Venezuela was larger than expected and was accompanied by new forms of production organization which in a few cases were more advanced than in equivalent firms in developed countries. Reductions in equipment setting-up time permit the production of a wider range of goods, with economies of scope, while at the same time providing flexibility to attune production schedules more closely to time variations in demand.

46. Within the programme on the applications of biotechnology for development, a one-week course was held early in 1995, at the Tumour Cell Biology Laboratory of the Instituto Venezolano de Investigaciones Científicas in Caracas, on the molecular basis of tumour growth control, differentiation and cell cycle. Another course on the analysis and manipulation of the plant genome was organized at the Centro de Investigación y de Estudios Avanzados del Instituto Politécnico Nacional in Irapuato, Mexico, in March. A two-week course on the applications of biotechnologies to agriculture was held in May at the Instituto Nacional de Tecnología Agropecuaria in Morón, Argentina. An advanced course on biochemical engineering applications in environmental biotechnology and cleaner production was held at the Instituto Centroamericano de Investigación y Tecnología Industrial in Guatemala in September. An advanced two-week training course on the application of biotechnical processes was held at the Universidad Nacional Autónoma de Mexico in Cuernavaca in October.

47. The Brucellosis Research Network, in operation since 1985, continued its activities. A network workshop held in April in Valdivia, Chile, was attended by 18 scientists from Argentina, Brazil, Canada, Chile, Colombia, Mexico, the United States and Venezuela. A second workshop, on the application of

biotechnology to tuberculosis research, held in Caracas in June, brought together 33 scientists from 15 countries.

48. Within the programme on software technology for developing countries, UNU/IIST activities emphasize the development of reliable software over a wide spectrum of applications important to developing countries. Interest is focused specifically on real-time, reactive, hybrid and safety critical systems and on software support for infrastructure systems.

49. Postgraduate courses organized by UNU/IIST in 1995 included a two-week course in formal software development held in Hanoi in February; 2 two-week courses - one in the spring and one in autumn - of lectures and student seminars at the University of Macau; a two-week course in formal software development and design techniques for real-time systems using duration calculi held in June in Penang, Malaysia; and a two-week course on formal software development and design techniques for real-time systems held in Bangalore, India, in December.

50. A full-day seminar on the formal development of large-scale software systems and real-time hybrid and reactive systems design was held in Zhuhai, China, in March. A full-day seminar on temporal logic of reactive systems and formal software development techniques was organized in August in Ulaan Baator.

51. UNU/IIST research projects were carried out in the area of hybrid systems, typically control systems with embedded computers using durational calculi as the formal tools. Projects were also carried out in the specification and development of reactive systems, using general duration calculi, and investigated other theories of reactive systems such as compositional verification and refinement calculi. Projects on geometric reasoning and programmes aimed at defining a specification language for the constructive geometric computing which characterizes the geometric problem domain. The projects also sought to design an algorithm to translate a specification writing in synchronous line groups (SLG) into a set of theorems to be proved, from which programmes can be extracted and which can provide interesting applications in the areas of robotics and geodetic or aerial survey.

52. Within the programme on microprocessors and informatics, activities continued to strengthen the capacities of universities and research institutes in developing countries in the area of informatics and communication. A microinformatics project is coordinated from a base at the International Centre for Theoretical Physics in Trieste, Italy. The Government of Italy has provided support for activities in this area.

53. A January 1995 workshop on computer networking, held at Pune University in India, focused on computer networking in developing countries using low-cost equipment and adapting to existing low quality communication lines. A course on computerized data acquisition techniques was held in La Paz, Bolivia, in February, in cooperation with the International Centre for Physics in Bogotá.

54. The "Research and Advanced Teaching in Computer Science" project, jointly coordinated with the Institut National de Recherche en Informatique et en Automatique at the University of Yaoundé, is meant to strengthen the capacity of the university's Department of Computer Science as a regional centre of excellence in microinformatics as well as to promote regional cooperation in computer science. Each year, 8 to 10 lecturers are invited from France and from other African countries to give two-week courses at Yaoundé. In 1995 these included courses on computer vision, computerization of enterprises, parallel programming standards, parallel operating systems, and neural networks. A two-

week course on computer architecture was given at the University of Ouagadougou in June, and a course on scientific computation was given in September at the University of Benin, in Cotonou.

Population dynamics and human welfare

55. UNU work in population dynamics and human welfare is organized within three programmes: (a) population, urbanization and development; (b) population, land management and environmental change (PLEC); and (c) food and nutrition for human and social development.

56. Within the programme on population, urbanization and development, work in 1995 was centred on the project on "The Mega-City and Urban Development". It is estimated that the urban sector of the developing countries will absorb virtually all the increase in population over the next three decades. The project deals with the dynamism of demographic changes, the sources and consequences of economic development and social transformation, and the effective management required to enhance the quality of life, living conditions and environment of mega-cities.

57. Within the programme on population, land management and environmental change (PLEC), activities are focused on land resources and biological diversity in managed agro-ecosystems among small-holder farmers in tropical and subtropical areas of Africa, Asia and Latin America. The programme analyses questions of sustaining production under pressure of population growth, migration, penetration of markets, transformation of land-use systems, and changing agricultural systems. Full account is taken of the traditional agricultural systems and practices that have evolved over time in the regions concerned. Emphasis is given to the development of a participatory research methodology and to capacity-building. The goal is to produce researched policy-relevant options for preservation of biodiversity in small-holder agricultural systems.

58. An international collaborative research initiative, PLEC is based on a comparative network of locally based research clusters; five are now operational in West Africa, East Africa, Montane Mainland South-East Asia, Papua New Guinea, and Amazonia, and a sixth is being developed in the Caribbean region. On an inter-programme level, the African clusters maintain close links with UNU/INRA. The programme also collaborates actively with the UNU project on mountain ecology and sustainable development.

59. The initiative has received financial support from the United Nations Population Fund and project development funds from the Global Environment Facility (GEF) through UNEP. An important activity during 1995 was the preparation of a full funding proposal for GEF.

60. Within the programme on food and nutrition for human and social development, activities have continued with active involvement with other United Nations organizations. The work continued to be directed from its coordinating office in Boston, Massachusetts, United States, but plans were developed for the gradual transfer of activities to a new research and training coordinating centre on the campus of Cornell University in Ithaca, New York. Efforts to mobilize funding and to develop a proposal for renewed institutional development for national competence in food and nutrition were undertaken during the period under review.

61. In 1995 the applications of rapid assessment procedures using qualitative anthropological techniques to programme design, evaluation and improvement have continued to spread. The best evidence for this has been the growing demand for the manual on rapid assessment procedures, which has gone into its fifth printing. The manual is being revised and updated and a training component added. Two specialized publications have been developed and widely distributed: "Guidelines for the Rapid Assessment of Social, Economic and Cultural Aspects of Malaria" and "Rapid Assessment Procedures: Ethnographic Method to Investigate Women's Health".

62. With support from UNICEF, UNU has studied the prevalence of iron deficiency anaemia in Uzbekistan and Kazakstan in collaboration with the Institute of Nutrition in Almaty. The study reviewed the high prevalence in those two countries of iron-deficiency anaemia among pregnant women, women of child-bearing age and children.

63. UNU has continued to participate in the meetings of the United Nations Administrative Committee on Coordination's Subcommittee on Nutrition (ACC/SCN). A meeting of the Group for the Control of Iron Deficiency was held in June just prior to the ACC/SCN annual meeting. It was attended by all international and bilateral agencies concerned with nutrition and also included some non-governmental organizations. Each agency or organization reported on its activities related to the control of iron deficiency anaemia, but the major part of the meeting was taken up by a presentation and discussion of the UNU-sponsored multi-centred trials of weekly iron administration.

64. In partnership with the International Union of Nutritional Sciences and WHO and FAO, UNU continued to promote the International Dietary Energy Consultancy Group (IDECG). At the annual ACC/SCN meeting in June, the report of the IDECG project and its publications received special commendation. A major activity in this area in 1995 was the editing of the proceedings of the workshop on protein-energy requirements held in London in December 1994. It has now been published as a supplement to the European Journal of Clinical Nutrition and will be reprinted by the Nestlé Foundation for the Study of Problems of Nutrition in the World. The report highlights important findings announced at the London meeting, namely, that the critical gap in knowledge of human amino acid requirements was that for lysine, which appears to be the limiting amino acid in the predominately cereal diets of most developing countries. This information may prove essential in judging the desirability of lysine fortification of cereals. The project is also sponsoring a set of field tests of two portable respirometres to measure the energy cost of activity in an effort to identify one that is relatively portable and inexpensive.

Building research capacities: UNU training and fellowships

65. The main areas of UNU training are: applied human nutrition, biochemistry, biotechnology, flood disaster mitigation, food composition data, food science and technology, geography, geothermal energy, microinformatics, remote sensing technology, renewable energy systems, science and technology policy and software technology.

66. During 1994-1995, 161 UNU fellows completed their studies, bringing the total number of fellows trained by UNU to approximately 1,400. An additional 82 fellows began their training in 1995.

67. The number of training workshops organized by UNU is increasing. During 1994-1995, more than 1,000 individuals participated in training workshops.

68. A notable expansion in UNU training activities in 1995 was the establishment of the UNU International Leadership Academy in Amman. This initiative, supported by the Government of Jordan, is designed to create a community of potential future leaders who have shared a common training experience in global issues. Preparatory activities started in 1995; UNU has already concluded the necessary legal instruments to locate the offices of the academy on the campus of the University of Jordan.

69. The UNU Institute of Advanced Studies (UNU/IAS), in its new premises next to UNU headquarters, launched a set of postgraduate training activities in 1995. A training course on planning for sustainable development in the Asia-Pacific region was jointly organized with the Asian Institute of Technology in Bangkok. A Ph.D. internship programme at UNU/IAS has been started, and plans are under way to initiate activities with Keio University in Japan and the Tata Energy Research Institute in India for a high-level human resource development effort in the area of eco-restructuring. There are also plans to organize a two-week course in synchrotron radiation at Japan's National Laboratory for High Energy Physics in early 1996.

70. At UNU/INTECH in the Netherlands, a Ph.D. internship scheme has continued and a group of new interns took up their positions at the Institute. The number of interns has had to be reduced owing to the need to develop the infrastructure for a joint Ph.D. programme which is under discussion with the Maastricht Economic Research Institute of the University of Limburg. A new initiative, with the Commission of the European Communities, brought three young Ph.D. researchers to UNU/INTECH for periods of six months between mid-1995 and the end of 1996.

71. Discussions on a joint Ph.D. programme on "Technological Change and the Economy" with MERIT continued in 1995. The content of the course work, discussed by the UNU/INTECH Board in 1994, has been established. Subsequent negotiations on the administrative and financial basis for the programme have been concluded and a group of 15 students were selected for the first course. Three of the candidates from developing countries were unable to continue in the course for institutional and financial reasons, but the course work component is under way. Examinations held in December were meant to help determine which of the candidates will be allowed to continue on to the dissertation phase.

72. UNU/IIST training activities involved the training of 12 Fellows in 1995, including four from China, one each from India and Mongolia and three each from the Philippines and Viet Nam. The period of training ranged from 9 to 12 months. These Fellows are seconded from partner institutions in developing countries to be trained in high-level software development methods and research techniques, and part of their training requires them to contribute to the ongoing research and development projects of the Institute. UNU/IIST's postgraduate and postdoctoral courses seek to enhance awareness of and provide comprehensive training in most advanced software technology development techniques within the Institute's areas of focus: software support for infrastructure systems and reactive and hybrid systems. In addition, UNU/IIST offers offshore courses which can involve a larger number of participants. In 1995 the Institute conducted seven such courses, including those for University of Macau students. The courses involved over 125 participants. The Institute also provides supervision for M.Sc. and Ph.D. students and several of the Fellows at UNU/IIST from China spent their period of study at the Institute as Ph.D. interns. Increasingly, UNU/IIST's academic staff are becoming adjunct, adjoint or honorary professors at the seconding university departments or research institutes from which the Fellows are selected.

Publications

73. Dissemination of results of UNU research continued to be carried out mainly through the publication of books, proceedings, reports, papers, journal articles, and journals, through public information activities, such as meetings, press interviews and press releases, and the publication of newsletters and reports, and through public meetings of an academic nature.

74. Publishing was carried out mainly by the University's publishing arm, as well as in collaboration with other scholarly publishers in different countries. Books published during the year covered a number of areas, including sustainable development, the United Nations system, water problems, development economics, urban problems, political and administrative development, social development issues (drugs and violence), gender studies and environmental problems, including a new series on critical environmental regions. Notable among publications in 1995 were: The United Nations System: the Policies of Member States, edited by Chadwick F. Alger, Gene M. Lyons and John E. Trent; State, Society and the United Nations System: Changing Perspectives on Multilateralism, edited by Yoshikazu Sakamoto; Hydropolitics Along the Jordan River: Scarce Water and Its Impact on the Arab-Israeli Conflict, by Aaron Wolf; Managing Water for Peace in the Middle East: Alternative Strategies, by Masahiro Murakami; Steering Business toward Sustainability, edited by Fritjof Capra and Gunter Pauli; Amazonia: Resiliency and Dynamism of the Land and Its People, by Nigel J. H. Smith, Emanuel Adilson S. Serrão, Paulo T. Alvim and Italo C. Falesi; Regions at Risk: Comparisons of Threatened Environments, edited by Jeanne X. Kasperson, Roger E. Kasperson and B. L. Turner II; In Place of the Forest: Environmental and Socio-economic Transformation in Borneo and the Eastern Malay Peninsula, by Harold Brookfield, Lesley Potter and Yvonne Byron; Emerging World Cities in Pacific Asia, edited by Fu-chen Lo and Yue-man Yeung; Global Employment: An International Investigation into the Future of Work (two volumes), edited by Mihály Simai; Women Encounter Technology, edited by Swasti Mitter and Sheila Rowbotham; and Ethnicity and Power in the Contemporary World, edited by Kumar Rupesinghe and Valery A. Tishkov.

75. During 1995, UNU/WIDER, on the occasion of its tenth anniversary, launched a new series entitled "World Development Studies". The first five issues in the series became available during the year: Small Islands' Big Issues: Crucial Issues in the Sustainable Development of Small Developing Islands, containing papers presented at the Global Conference on the Sustainable Development of Small Island Developing States in 1994; Emerging Labour Markets: Labour Market Developments and Transitional Unemployment in Central and Eastern European Countries, by Arvo Kuddo, a former Minister of Labour and Social Affairs in Estonia and currently a Research Fellow at UNU/WIDER; Food Security in Africa: Concepts, Measurement, Policy and Reality, by Siddig A. Salih, Senior Research Fellow at UNU/WIDER; Economic Reforms, Women's Employment and Social Policies: Case Studies of china, Viet Nam, Egypt, and Cuba, edited by Valentine M. Moghadam, Senior Research Fellow at UNU/WIDER; and The Limits of the Global Village: Globalization, Nations and the State, by Hernando Gómez Buendía, Sasakawa Chair in Development Economics at UNU/WIDER.

76. UNU/INTECH published a number of volumes during the year, including The Spread of Japanese Management Techniques to Developing Countries, by Raphael Kaplinsky, with Anne Posthuma (Frank Cass and UNU Press, January 1995); The Politics of Technology Policy in Latin America, María-Inés Bastos and Charles Cooper (Routledge/UNU Press, 1995); Exporting Africa: Transformation, Trade and Industrialisation in Sub-Saharan Africa, by Samuel Wangwe

(Routledge/UNU Press, 1995); Women Encounter Technology (mentioned in para. 74), and The Pursuit of Science and Technology in Sub-Saharan Africa under Structural Adjustment, by John Enos (Routledge/UNU Press, 1995). UNU/INTECH also issued numerous working papers and discussion papers, and a number of journal articles and book chapters by UNU/INTECH researchers were published during the year.

77. UNU/IIST published a number of papers and articles. UNU/IIST disseminates software technology through the training of its Fellows, through its research and advanced development projects and through offshore postgraduate and postdoctoral courses. During 1995, research staff of the Institute, Fellows and sponsored collaborators gave numerous presentations both in Macau and internationally.

78. Four UNU journals were also issued during the year: Food and Nutrition Bulletin, Journal of Food Composition and Analysis, Mountain Research and Development, and ASSET (Abstracts of Selected Solar Energy Technology).

Council of the University

79. The forty-second session of the Council was held from 4 to 8 December 1995 in Tokyo. The year 1995 marked the twentieth anniversary of the United Nations University and coincided with celebrations of the fiftieth anniversary of the birth of the United Nations. The University dedicated a number of its public events to mark the completion of its first two decades. Notable among these was a symposium held during the forty-second session of the Council on 4 December 1995 on "The Future of Hope: Lessons from the Past". This symposium brought together a number of Nobel Laureates from many fields for discussions on the progress of events in the 50 years since the Second World War and sought to draw lessons and cite examples which could help in confronting the problems of the twenty-first century. The event was organized in collaboration with the newspaper Asahi Shimbun and with the cooperation of the Elie Wiesel Foundation for Humanity.

80. The Bureau of the Council, which is its steering committee, met in early August 1995 to review the first draft of the third Medium-term Perspective, the draft progress report on the establishment of a new research and training centre in Japan, the Institute of Advanced Studies (UNU/IAS) and the draft agenda for the forty-second session of the Council.

81. During its forty-second session, the Council took note of the Rector's statement and report to the Council as well as the individual reports of UNU's Research and Training Centres and Programmes (RTC/Ps). It also considered the draft third medium-term Perspective for the period 1996-2001, and requested that amendments be made in it for consideration by the Bureau in July 1996 and at the forty-third session of the Council in December 1996. The Council also adopted the proposed academic programme and budget of the University for the biennium 1996-1997.

82. The Council also considered progress reports on the UNU International Leadership Academy, located in Amman, and the UNU International Network on Water, Environment and Health, in Ontario, Canada. In considering the reports presented to it, the Council noted the need for a more systematic reporting of the work of the University by the Rector and the Director of UNU RTC/Ps which would permit a more critical assessment by the Council of UNU activities in both quantitative and qualitative terms. The Council expressed concern about the state of UNU/INRA and the lack of staff and financial resources which have hampered progress in implementing its programme activities. The Council also

urged the Rector to continue his efforts to harmonize standards and procedures for electronic communication throughout the UNU system.

83. Council discussions also noted the increasing span of UNU training and fellowship activities and the differing policies and approaches which were being used within the UNU system. The Council asked the Rector to undertake an assessment of these activities and to develop a strategy to ensure more coherent implementation of training and fellowship activities, including an appropriate geographic balance in their distribution. The Council also requested the Rector to study the publishing activities of UNU with the aim of improving efficiency and cost-effectiveness.

84. During the session, the Council also designated members of a nominating committee for the UNU Rectorship to begin the process of preparing a panel of names for the next Rector of the University to be considered by the Secretary-General of the United Nations and the Director-General of the United Nations Educational, Scientific and Cultural Organization. The next Rector's term was expected to begin in September 1997.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has audited the financial statements of the United Nations University (UNU) for the period 1 January 1994 to 31 December 1995 in accordance with General Assembly resolution 74 (I) of 7 December 1946 and article IX of the charter of the United Nations University. The audit has been conducted in conformity with article XII of the Financial Regulations of the United Nations and the annex thereto, and the common auditing standards of the panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These auditing standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

2. The audit included a general review of financial systems and internal control, and a test examination of the accounting records and other supporting evidence to the extent the Board considered it necessary to form an opinion of the financial statements.

3. The audit was conducted at the headquarters of the University, in Tokyo, at the UNU International Institute for Software Technology (UNU/IIST), in Macau, and at the UNU World Institute for Development Economics Research (UNU/WIDER), in Helsinki.

4. In addition to the accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations. The reviews concerned the efficiency of financial procedures, the internal financial controls, programme planning, performance, monitoring and reporting and, in general, the administration and management of the United Nations University.

5. The Board continued its practice of reporting the results of specific audits through management letters containing detailed observations and recommendations to the Administration. This practice helped in maintaining the ongoing dialogue with the Administration on audit issues.

6. The present report covers matters which, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the present report were communicated to the Administration, which confirmed the facts on which the Board's observations and conclusions are based and provided explanations and answers to the Board's queries. The report is divided into two parts, covering the audit of financial statements and management issues, respectively.

Follow-up on the actions taken on previous audit recommendations

7. Pursuant to paragraph 15 of General Assembly resolution 47/211 of 23 December 1992, the Board has reviewed the measures taken to implement its prior recommendations. Actions taken by the Administration on the recommendations made by the Board in its report for the biennium ended 31 December 1993 and the comments of the Board are outlined in the annex to the present report.

8. In the light of its findings during the biennium 1994-1995, the Board considers that the Administration should take further steps to implement the following recommendations contained in its report for the biennium 1992-1993:

(a) A periodic review and modifications of programmes and allotment of funds should be carried out to enhance financial and programme accountability (see paras. 35 and 37);

(b) In line with the provisions of UNU's charter, identification of competent scholars from developing countries and formulation of programmes involving researchers from developing countries should be intensified (see para. 61).

Overall results

9. The Board's examination revealed no weakness or errors considered material to the accuracy or completeness of the financial statements as a whole. The Board has accordingly issued an unqualified opinion on the financial statements of UNU for the biennium ended 31 December 1995.

Summary of recommendations

10. The Board recommends that UNU take the following actions, presented in order of priority:

Programme management

(a) A more systematic and transparent system should be established at UNU headquarters and in its regional institutes for selection, appraisal and approval of projects. A sufficiently broad-based academic advisory committee should be established in UNU/WIDER to assist in selection and review of research projects (see paras. 39, 41 and 43);

(b) Progress of work relating to research projects including specific programme contributions (SPC) projects should be monitored more closely to avoid delays in implementation and reporting requirements and to ensure the quality of end products (see paras. 44, 46 and 47);

(c) Formal and institutional procedures should be established at UNU headquarters and in its institutes for mid-term and ex post facto evaluations of projects, including quantitative analyses of timeliness, budgetary control and achievement of targeted outputs (see para. 50);

Training

(d) Long-term training strategies should be developed by UNU and its institutes to provide appropriate training to young scholars from developing countries (see para. 53);

Consultants and researchers

(e) Effective measures should be taken to attract a larger number of researchers and consultants from developing countries, in line with the charter of UNU, by reversing the existing trend of engaging researchers and consultants predominantly from developed countries (see para. 61);

Publication

(f) Print requirements of publications should be periodically reviewed to avoid overstocking and wastage. Methods should be established to dispose of the large stocks of earlier publications either by offering discounts or through free distribution. Timeliness of publications should also be ensured (see paras. 54 and 57);

Budgetary control

(g) The systems and procedures for budget estimation and budgetary control should be reviewed to ensure that financial allotments and actual expenditures are closely related to appropriations (see para. 37);

Procurement

(h) Annual procurement plans should be prepared in advance to ensure competitive bidding for goods and services. Printing contracts should be awarded after ensuring adequate competitiveness (see paras. 62 and 63).

Summary of findings

Financial statements

11. The United Nations University has generally complied with United Nations System Accounting Standards in preparing its financial statements. However, in a few cases, it did not follow the accrual system of accounting of income and expenditures. Moreover, liability on account of end-of-service benefits have neither been provided in the accounts nor disclosed in the notes to the financial statements (see paras. 21-24).

Pledged contributions

12. Two pledged contributions of $3.0 million each remained unpaid for nine and seven years, respectively. In addition, the University treated as an unpaid pledge an amount of $758,613, representing exchange loss on conversion of a payment made in local currency by a Government in 1990 (see para. 27).

Budgetary control

13. There were wide variations between budgetary appropriations and allotments and between allotments and actual expenditures in a large number of programmes/ projects implemented by the University and its regional institutes which was indicative of inaccurate budget estimations and deficiency in the system of budgetary control (see paras. 32, 34 and 36).

Programme management

14. The University and its regional institute, UNU/WIDER, had not established a formal and widely understood system of selections and approval of projects (see paras. 38 and 41).

15. There were widespread delays in implementation of projects at UNU headquarters and in two regional institutes - UNU/IIST and UNU/WIDER (see paras. 44-46).

16. UNU/WIDER did not send periodic financial reports and information on project outputs in respect of specific programme contribution (SPC) projects to the donors, as required (see para. 47).

17. The evaluation procedures established by the University did not fully provide for analysis of the project outputs in terms of objectives, timeliness, utilization of professional human resources and budgetary costs (see paras. 48-50).

Training

18. UNU/WIDER had not paid sufficient attention to training of young scholars particularly from developing countries, as required under its statute (see paras. 51 and 52).

Consultants and researchers

19. The University had not taken effective steps to attract a large number of consultants and researchers from developing countries, in line with its charter and the policy adopted by the UNU Council (see paras. 59 and 60).

Headquarters building

20. Though the income from building activities increased significantly, compared to the previous biennium, there is scope to augment it further by leasing out the remaining spare accommodation (see paras. 64 and 65).

Part I: Financial statements

United Nations System Accounting Standards

21. The General Assembly, in its resolution 48/216 C of 23 December 1993, had taken note of the United Nations System Accounting Standards which were developed at its request by the Administrative Committee on Coordination (ACC). The ACC subsequently issued revised standards (ACC/1995/20, annex III) which now include recommended formats for financial statements.

22. The Board noted that the United Nations University had prepared the financial statements for the 1994-1995 biennium generally in conformity with the United Nations System Accounting Standards - Revision 1, except to the extent indicated below.

23. Accrual basis of accounting not followed: the Board noted that payments amounting to $200,373 made during the biennium 1994-1995 towards insurance premiums and licence fees for periods beyond 31 December 1995 have been included as expenditures of the biennium 1994-1995.

24. End-of-service liabilities not provided: the liabilities for end-of-service benefits (and post-retirement benefits) of staff have neither been provided in the accounts nor disclosed in the notes to the financial statements, as required.

25. Statement of appropriations: the statement of appropriations (statement IV) does not provide details of supplementary/other adjustments, transfers and revised appropriations as required under appendix V to the United Nations System Accounting Standards - Revision 1.

Pledged contributions

26. The Board was pleased to observe that the collection of pledges had gradually improved, from $13.9 million in 1990-1991 to $27.1 million in 1994-1995. The Board also noted that the realization of pledged contributions as a percentage of total pledged contributions had increased from 54 per cent in 1990-1991 to 65 per cent in 1994-1995.

Unpaid pledges

27. An amount of $3.0 million pledged in 1975 to the University's Endowment Fund had been suspended in 1988. In addition, the University treated as an unpaid pledge an amount of $758,613, representing exchange loss on conversion of a payment made in local currency in 1990 by a Government, through a United Nations agency. The Board further noted that the unpaid pledges included an amount of $3.0 million pledged by a Government in 1986 in connection with a proposal to establish the Institute for Natural Resources in Africa in Côte d'Ivoire which did not materialize.

28. The Administration proposes to pursue the unpaid pledges with the donors concerned, but the Board recommends that in view of the age of the pledges and in the interest of prudent financial management, provision be made for the non-collection of these amounts in accordance with paragraph 33 of the United Nations System Accounting Standards.

Liquidity

29. The Board's analysis of the combined statement of assets and liabilities (statement II) as at 31 December 1995 revealed that the current assets of $25 million (excluding inter-fund balances receivable and unpaid pledged contributions) will be adequate to liquidate the current liabilities of $10.9 million (excluding inter-fund balances payable) by 2.3 times. The Board noted that the liquidity of UNU remains high even if the specific programme contributions of $4.5 million, carried forward to the next biennium and which cannot be utilized to meet current liabilities, were excluded.

Write-off of losses of cash, receivables and property

30. The Administration informed the Board that there was no case of write-off of losses of cash, receivables and property in the biennium.

Part II: Management issues

Budgetary control

31. The Board observed that the formulation of the budget in UNU is guided mainly by the anticipated income from investment of the Endowment Fund, voluntary contributions to the Operating Fund and specific programme contributions. In addition, the Administration also takes into account unencumbered fund balances brought forward from the previous biennium and anticipated miscellaneous income. The income thus assessed is used as the basis for formulating the plan of activities for the biennium by the divisions at UNU headquarters and in the regional institutes.

32. At UNU headquarters the Board noted that in respect of 20 projects funded under different programmes, there were wide variations between budget appropriations and allotments as well as between allotments and actual expenditures. The variations between appropriations and allotments were more pronounced in respect of projects funded by specific programme contributions. Further, the Board's sample scrutiny of expenditures of eight programmes executed by the Academic Division at UNU headquarters revealed excess over allotments of $2.24 million in two programmes and shortfalls in utilization of $2.31 million in six programmes. The Board noted that the UNU Council had authorized the Rector to transfer approved appropriations from one category to another without exceeding the grand total of the approved budget so as to ensure achievement of objectives and to define UNU priorities. Although the Board appreciates the rationale behind the delegation, it considers that large-scale variations between appropriations and allotments and between the allotments and actual expenditures might be indicative of unsatisfactory budget estimations and deficiency in the system of budgetary control.

33. The University and its six regional institutes were granted a total appropriation of $66.6 million during the biennium 1994-1995. Against this, an amount of $67.5 million was allotted and $56.6 million was expended. The Board noted substantial variations in expenditure out-turns among the various institutes. For example, in UNU/INRA, expenditures had exceeded appropriations by 18 per cent during the biennium; in all other cases, there were shortfalls in expenditures as compared to appropriations, ranging from 7 per cent in the case of UNU/INTECH to 71 per cent in the case of UNU/IAS. The maximum shortfalls in expenditures compared to appropriations were at headquarters ($4.2 million) and in UNU/IAS ($2.8 million).

34. The Board also noted shortfalls in utilization of allotments at the various institutes, ranging from 4 per cent in UNU/IIST to 50 per cent in UNU/IAS. At UNU headquarters, the expenditure was $7.1 million less than its allotment.

35. The Board considers, and the Administration agreed, that the budget formulation and budget preparation process of UNU needs improvement.

36. The Board's review of the programme budget of UNU/IIST for the biennium 1994-1995 disclosed that, against the envisaged specific programme contribution of $1.1 million, the actual receipt was only $93,319, which indicated that the budget was based on unrealistic income assumptions. The Administration attributed the shortfall in contributions to donor preferences in favour of national universities and for social development programmes.

37. The Board recommends that UNU should strengthen the existing systems and procedures for formulation of budgets, budgetary assumptions and budgetary control with a view to ensuring that financial allotments and expenditures do not vary significantly from the appropriations approved by its Council.

Programme management

Selection of projects

38. During the biennium 1994-1995, UNU continued to carry out programmes within the framework of thrust areas identified in the second Medium-term Perspective (1990-1995). The advisory teams constituted by the Rector provide advice on the general direction and focus in respect of a long-term programme of research and training. The Board noted that in accordance with established practice,

individual projects within the broad framework of the second Medium-term Perspective are approved by the Rector on the basis of suggestions/ proposals received from research institutions and individual researchers and scholars.

39. The Board recognizes the primacy of the role of the Rector in matters of selection and approval of individual projects but suggests that UNU should establish a more formal and transparent system for inviting proposals for research programmes and projects and for their scrutiny and approval. In this regard, the Administration agreed with the Board that a more proactive system of soliciting suggestions in regard to selection of programmes from United Nations organizations and member countries, other universities, academic councils and research institutions from all parts of the world would facilitate the process of selection of projects.

UNU/WIDER

40. The Board noted that a review and evaluation team consisting of eminent economists and academicians had suggested in 1991, inter alia, that a much clearer and more widely understood method should be introduced for selection, monitoring and evaluation of research projects and had recommended preparation of project profiles to facilitate an improved process of project appraisals. The team had also suggested that an academic advisory committee should be established to assist the Director in academic and administrative matters and that the Institute's Board should be less concerned with individual projects and more concerned with policy aspects.

41. The Board noted that UNU/WIDER has not established the transparent and widely understood procedure suggested by the evaluation team although it had established an academic advisory committee consisting of heads of universities and research institutes in the host country. The Board is of the view that the committee should be more broad-based so as to enable it to discharge the functions envisaged in the report of the review and evaluation team.

42. The Management of the Institute informed the Board that the selection of projects is made in accordance with a well-established procedure and that the Director of UNU/WIDER approves them on the basis of suggestions and comments of the Rector, colleagues at the UNU research and training centres, senior staff of selected United Nations agencies and leading social scientists. The Management regarded as cumbersome and expensive the suggestion of the review and evaluation team to closely involve the academic advisory committee to assist the Director in academic and administrative matters. The suggestion that the Board of UNU/WIDER should be concerned more with policy matters than with individual research projects would however be brought to the notice of the UNU/WIDER Board.

43. The Board considers that there is substantial merit in the suggestion of the review and evaluation team regarding the process of selection of projects since the existing system does not meet the criteria of a transparent and more widely understood system. The Board therefore recommends that the process of selection of projects by UNU/WIDER should be reviewed, systematized and made adequately transparent.

Programme implementation

44. The Board noted that there were substantial delays in completion of many projects at UNU headquarters. Out of 49 projects which were implemented through institutional contract agreements and were overdue for completion at the beginning of the biennium 1994-1995, 14 had not been completed by the end of the

biennium. The Board also observed delays in completion of assignments entrusted to consultants under special service agreements and personnel service agreements. For instance, projects involving 75 special service agreements, 39 international service agreements and 2 personnel service agreements were overdue for completion as at 31 December 1995. The Administration acknowledged that it was aware of the problem but felt that in some situations it was difficult to adhere to a fixed time-frame. However, the Administration agreed that the progress of work of projects should be monitored more closely to ensure the timeliness and quality of the end products.

45. In UNU/IIST, out of six projects undertaken by the Institute during the biennium only two had made significant progress. The Institute attributed the slow progress in some cases to lack of sponsor interest and the slow growth of its activities to the limited financial resources available to it. Management added that the Board of UNU/IIST has approved a programmatic strategy taking into account the interest of United Nations agencies and a tactical redirection, namely, isolation from the vagaries of project partners and the risk of running projects that are too large. The Board further observed that most of the activities of the Institute were confined to two donor countries of the region. Management, however, proposes to expand the activities of the Institute to other regions gradually.

46. In UNU/WIDER also, the Board noted delays in implementation of projects. Further, the project plans did not include clearly spelt out outputs and milestones. The UNU/WIDER Board had also expressed concern about the lack of focus and absence of clearly defined outputs in projects undertaken by the Institute. Management accepted the Board's recommendation concerning planning and documentation in the implementation of projects and said that for the 1996-1997 biennium, clear project notes had been prepared by research fellows and project directors which would form the basis for more efficient project implementation. The Institute has also designed an implementation schedule to keep the research activities on track.

47. The Board's review of specific programme contributions (SPC) projects implemented in UNU/WIDER disclosed several deficiencies in programme management and reporting. The Board noted that in the projects test-checked, there were substantial delays in completion of contractual and in-house research. Further, the Institute did not provide timely financial reports and output data to the contributing agencies. The Management of the Institute agreed with the Board that remedial steps should be taken to ensure that reporting obligations are complied with in future. The Board appreciates the positive response of Management.

Project evaluation

48. The University, UNU/IIST and UNU/WIDER have not established appropriate procedures for evaluation of research projects to assess their quality, utility and timeliness with reference to the resources utilized. The evaluation and review team of UNU/WIDER had emphasized the need for formal procedures for mid-term and post-project review of projects.

49. The UNU Administration informed the Board that the University follows principles and policies of scholarly publishing and ensures that external reviews are undertaken of all manuscripts emanating from its research as part of its evaluation process. The Management of UNU/WIDER stated that the implementation schedule for research projects was expected to act as a natural mid-project evaluation and the ex post facto review of completed projects will

occur with the formal "double-blind referencing" process and acceptance of manuscripts by publishers. The Management of UNU/IIST maintained that it follows appropriate procedures of evaluation along the lines of leading science and technology research and training centres.

50. The Board, however, noted that the existing system of evaluation, which aims at quality assurances, does not take into account quantitative aspects of how each project has turned out in terms of activities, outputs against targets, utilization of human resources, timeliness and budgetary costs. The Board therefore recommends that UNU and its institutes should introduce formal procedures for mid-term and post-project evaluation of projects, at least on a selective basis, to provide the necessary assurance that value for money is secured from research projects.

Training

51. The statute of UNU/WIDER envisages that the Institute shall undertake training of young scholars, particularly from the developing countries and develop a network by coordinating its activities with those of relevant research and training institutions. The Board noted that the review and evaluation team of UNU/WIDER had suggested that the resources devoted to training should be augmented substantially. The Management of UNU/WIDER accepted that the Institute had not given sufficient attention to training because of conflicting budgetary and organizational demands, but said that it was developing appropriate training strategies in possible areas.

52. In UNU/IIST, most of the Fellows who were provided training belonged to one country, since the training was closely associated with a specific project under implementation. The Institute, however, assured the Board that firm plans had been established for training of Fellows from some more developing countries.

53. The Board therefore recommended that UNU and its institutes should prepare appropriate long-term training strategies in line with their respective statutes. The Administration has accepted the recommendation.

Publications

54. About 54 per cent of UNU's own publications and 62 per cent of its co-publications during the period 1990-1995 had remained unsold. The Administration stated that this was because of the overestimation of print runs in the initial years and added that print runs were reduced to fewer than 2,000 copies in 1993. The Board, however, noted that in several cases during the biennium 1994-1995 print orders were excessive. The Board therefore suggested that print requirements should be periodically reviewed, taking into account the potential readership and the cost involved in stocking unsold copies. The Board also suggested that the Administration should consider methods of disposition of the unsold copies of earlier years by offering discounts or by increasing free distribution to interested institutions from developing countries.

55. The Administration informed the Board that a small group of international publishing experts reviewed the activities of the UNU Press in May 1996, with the aim of further improving the efficiency and cost-effectiveness of the University's publishing services. The Administration proposed to submit a report on the status of UNU's publishing activities to the UNU Council in December 1996. The Board welcomes these measures.

56. A review of 27 publications issued by the UNU press during 1994-1995 revealed that in 25 cases, the time taken from the date of receipt of manuscripts to publishing varied from 6 to 26 months. In one case, the delay was about 6 years.

57. The Board suggests that the University should establish schedules for completion of different stages involved in the publication of books and introduce a system of monitoring to ensure that publications are brought out without delay.

Consultants, experts and temporary assistance

58. In its reports for the bienniums ended 31 December 1991 and 1993, the Board had pointed out the need to identify competent scholars from developing countries and formulate programmes to encourage their active participation in UNU's activities. The Board was informed that a computerized programme information and monitoring system would be established to facilitate the process.

59. The Board observed that the consultants and researchers engaged by UNU during the biennium 1994-1995 were also predominantly from developed countries. For instance, during 1995, 145 (76 per cent) out of 190 special service agreements were entered into with persons from developed countries. Only three countries accounted for 103 special service agreements (54 per cent). The corresponding figures in respect of a total of 61 personnel service agreements and 39 institutional service agreements were 66 and 69 per cent, respectively. The Board observed that this did not conform to the "Principles and policies of programme planning, implementation and evaluation" adopted by the UNU Council, which envisage that UNU shall seek the broadest possible participation of scholars and scientists from all parts of the world, particularly from developing countries.

60. The Administration agreed that the involvement of researchers from developing countries was still low and said that the University would continue its efforts to improve the situation, taking into account the specific nature and need of consultants and researchers for its academic programmes.

61. The Board recommends that in line with the provisions of UNU's charter, UNU should take effective measures to attract a larger number of consultants and researchers from developing countries and identify more institutes in developing countries for institutional consultancy. The Board also recommends that the Administration should establish a time-bound strategy and action plan to ensure equitable geographical representation among its consultants and scholars.

Procurement

62. During the biennium 1994-1995, UNU procured items valued at $1.5 million but did not prepare annual procurement plans. The Administration has accepted the suggestion of the Board to prepare annual procurement plans.

63. The Board further noted that purchase orders for typesetting and printing of publications were issued mainly to two printing companies based in Hong Kong, without inviting competitive bids. The Administration stated that those print orders had been given to the same companies since 1991 in order to ensure quality, cost-effectiveness and timeliness. The Board, however, recommended

that UNU should invite bids for its printing jobs from more firms located in the region to ensure competitiveness. The Board was pleased to note that the University proposes to review the procedure in conjunction with the assessment of the University's publishing activities.

UNU headquarters building

64. The Board was pleased to note that the University had been making continued efforts to augment its income from its headquarters building and that other United Nations organizations had occupied most of the available spare accommodation. Further, the annual income from the building activities had increased from $0.8 million in the previous biennium to $2.8 million in 1994-1995, but the actual maintenance and operations expenditure was $4.8 million. The Administration stated that it would be difficult for the University to generate sufficient income from the building facilities to match the expenditures required for the maintenance of the building.

65. As of June 1996, about 750 square metres of accommodation in the UNU headquarters building, including 660 square metres on the ground floor, were yet to be utilized. The agreement with the host Government permits the University to lease the accommodation on the ground floor to third parties. The Board recommends that the University should take early steps to lease the vacant space on the ground floor to supplement the resources for maintenance of the headquarters building.

Cases of fraud and presumptive fraud

66. The Administration informed the Board that no cases of fraud or presumptive fraud came to its notice in the biennium 1994-1995.

Acknowledgement

67. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Rector, the Directors of the UNU institutes and their staff.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

Annex

Follow-up on actions taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1993 a/

I. RECOMMENDATION 9 (a)

1. Project planning, implementation and monitoring in UNU/INTECH should be improved to ensure timely completion of projects and dissemination of the research outputs.

Measures taken by Administration

2. UNU/INTECH Management continues to improve its system of budgetary planning, monitoring, reporting and evaluation of the programme activities of the Institute under the guidance of UNU headquarters. The scope of responsibilities of the administrative staff of the Institute has been broadened under a new title of "Administrative and Programme Services" and thus has responsibility to oversee all operations of the Institute, paying particular attention to budgetary planning, monitoring, evaluation and reporting.

3. UNU/INTECH is paying special attention to its dissemination efforts, and continuous efforts are being made to speed up the publication of outstanding books.

Comments of the Board

4. The Board will review the effectiveness of the measures taken by Management.

II. RECOMMENDATION 9 (b)

5. A periodic review and modifications of programmes and allotment of funds should be carried out during a biennium to enhance financial as well as programme accountability within the United Nations University.

Measures taken by the Administration

6. The University has further improved its allotment mechanisms to monitor the utilization of general core-fund programme activities, and it continues to improve the control of specific-funded academic activities. The allotment accounts are reviewed periodically and adjusted as required for changes in programme scope and schedules.

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a/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 5 (A/49/5), vol IV, sect II.

Comments of the Board

7. There is scope to improve the budgetary control mechanism. The Board's comments on budgetary performance during the 1994-1995 biennium have been included in the present report.

III. RECOMMENDATIONS 9 (c) and (d)

8. Identification of competent scholars from developing countries and formulation of programmes involving developing country-based researchers should be intensified in order to attain equitable geographical distribution.

9. There should be more frequent reviews of current status vis-à-vis contractual requirements in order to expedite the completion of work assigned to each researcher. The terms of payment of fees should be modified in a manner that would act as an incentive to expedite the work.

Measures taken by the Administration

10. In planning its global research, training and dissemination activities, the University continues to pay attention to equitable geographical distribution of scholars and scientists participating in its work, particularly from developing countries. Under its fellowship and training programme, the University continues to provide fellowships to scholars and scientists from selected institutions in developing countries to undertake research and training in the University's programme areas. These fellowship activities form an integral part of the University's contribution to capacity-building in developing countries.

11. The University's contractual research arrangements with individuals and institutions are reviewed periodically, and further efforts are being made to expedite completion of each particular research contract. With regard to the schedule of payment of fees for that research, the University has modified the terms of payment in such a manner as to act as a further incentive to expedite the work, taking into account that it is often necessary to make some payments initially, particularly for research in developing countries where individual researchers and their institutions would not have sufficient funds for commencing their work on behalf of the University. The final payment is, of course, contingent on the completion of the research.

Comments of the Board

12. The outcome of the Board's review revealed that the representation of researchers/consultants from developing countries continued to be low. The University should therefore redouble its efforts to attract consultants and researchers from developing countries. The Board's further comments are included in the present report.

IV. RECOMMENDATION 9 (e)

13. The possibility of further augmenting the income from space-sharing without affecting the future expansion of the United Nations University and of raising specific contributions for the maintenance and operation of the headquarters building without corresponding reduction in the funding for other UNU activities

should be continuously explored. As far as possible, income for the building, including specific contributions, should match the expenditure on its maintenance and operation and those income and expenditure amounts should continue to be separately assessed and disclosed.

Measures taken by the Administration

14. The action taken by the Administration is reflected in the present report.

Comments of the Board

15. The Board's comments are reflected in the present report.

III. AUDIT OPINION

We have examined the appended financial statements numbered I to IV, properly identified, the relevant schedule and the supporting explanatory notes of the United Nations University for the financial period ended 31 December 1995, in accordance with the common accounting standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the United Nations University as at 31 December 1995 and the results of its operations for the financial period then ended; that they were prepared in accordance with the stated accounting policies, which were applied on a basis consistent with that of the preceding financial period; and that the t ansactions were in accordance with the Financial Regulations and legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the United Nations University's financial statements as provided for in the Financial Regulations.

(Signed) Osei Tutu PREMPEH
Auditor General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

11 July 1996

I certify that the appended financial statements of the United Nations University, numbered I to IV, are correct.

(Signed) Yukio TAKASU
Controller

V. FINANCIAL STATEMENTS FOR THE BIENNIUM 1994-1995 ENDING 31 DECEMBER 1995

Statement I

UNITED NATIONS UNIVERSITY

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1994-1995 ending 31 December 1995
(Thousands of United States dollars)

	UNU/HQ Operating Fund	UNU/WIDER Operating Fund	UNU/INTECH Operating Fund	UNU/IIST Operating Fund	UNU/INRA Operating Fund	UNU/BIOLAC Operating Fund	UNU/IAS Operating Fund
Income							
Voluntary contributions	18,667 a/	105	2,087	218	30	97	2,469
Interest income	604	375	253	-	-	-	-
Other/miscellaneous income							
Sales income and royalties from publications	502	16	-	-	-	-	-
Other/miscellaneous income	449 b/	767 b/	440 b/	33 b/	13 b/	-	-
TOTAL INCOME	20,222	1,263	2,780	251	43	97	2,469
Expenditure							
Staff and other personnel costs	18,635	3,322	2,413	1,434	442	-	693
Travel	1,113	225	308	225	44	-	7
Contractual services	1,022	250	214	141	26	9	35
Operating expenses	1,541	350	349	151	49	2	185
Acquisitions	561	163	210	342	87	-	185
UNU headquarters building	4,792	-	-	-	-	-	-
Research and training networks, and dissemination	11,274	2,837	1,562	426	236	715	30
TOTAL EXPENDITURE	38,938	7,147	5,056	2,719	884	726	1,135
Excess (shortfall) of income over expenditure	(18,716)	(5,884)	(2,276)	(2,468)	(841)	(629)	1,334
Prior period adjustments	-	-	-	-	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(18,716)	(5,884)	(2,276)	(2,468)	(841)	(629)	1,334
Savings on, or cancellation of, prior periods' obligations	1,076	515	88	-	156	38	-
Transfers (to) from other funds	19,617	5,405	2,330	3,267	697	300	260
Other adjustments to reserves and fund balances	(1,936) c/	(519) c/	(224) c/	(334) c/	(39) c/	(29) c/	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	16,838	4,814	2,146	154	3,605	726	-
RESERVES AND FUND BALANCES, END OF PERIOD	16,879	4,331	2,064	619	3,578	406	1,594

UNITED NATIONS UNIVERSITY
Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1994-1995 ending December 1995
(Thousands of United States dollars)

	Total Operating Fund		Total Endowment Fund		Grand total	
	1995	1993	1995	1993	1995	1993
Income						
Voluntary contributions	23,673 a/	13,968	10,422	25,271	34,095 d/	39,239
Interest income	1,232	1,938	31,876	30,435	33,108	32,373
Other/miscellaneous income:						
Sales income and royalties from publications	518	275	-	-	518	275 f/
Other/miscellaneous	1,702	1,323	26,763 e/	18,309	28,465	19,632 f/
TOTAL INCOME	27,125	17,504	69,061	74,015	96,186	91,519
Expenditure						
Staff and other personnel costs	26,939	24,988	-	-	26,939	24,988
Travel	1,922	1,827	-	-	1,922	1,827
Contractual services	1,697	2,332	-	-	1,697	2,332
Operating expenses	2,627	3,090	-	-	2,627	3,090
Acquisitions	1,548	957	-	-	1,548	957
UNU headquarters building	4,792	4,337	-	-	4,792	4,337
Research and training networks, and dissemination	17,080	11,022	-	-	17,080	11,022
TOTAL EXPENDITURE	56,605	48,553	-	-	56,605	48,553
Excess (shortfall) of income over expenditure	(29,480)	(31,049)	69,061	74,015	39,581	42,966
Prior period adjustments	-	-	-	(5,040)	-	(5,040)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(29,480)	(31,049)	69,061	68,975	39,581	37,926
Savings on, or cancellation of, prior periods' obligations	1,873	2,359	-	-	1,873	2,359
Transfers (to) from other funds	31,876	30,435	(31,876)	(30,435)	-	-
Other adjustments to reserves and fund balance	(3,081) c/	(1,389)	3,081 c/	1,389	-	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	28,283	27,927	242,765	202,836	271,048	230,763
RESERVES AND FUND BALANCES, END OF PERIOD	29,471	28,283	283,031	242,765	312,502	271,048

a/ Includes contributions of $2,843,000 for the UNU heaquarters building.
b/ Includes gain on exchange.
c/ Represents reinvestment in the Endowment Fund as per the decision of the UNU Council.
d/ Represents voluntary contributions from Governments in the amount of $25,386,294 and other voluntary contributions in the amount of $5,865,543 and $2,843,000 for the UNU headquarters building.
e/ Represents gain on exchange in the amount of $16,089 and gain on sale of securities in the amount of $10,673,328.
f/ The comparative figures were reclassified to conform to current presentation.
The accompanying notes are an integral part of the financial statements.

Statement II

UNITED NATIONS UNIVERSITY

Statement of assets, liabilities, reserves and fund balances as at 31 December 1995

(Thousands of United States dollars)

	UNU/HQ Operating Fund	UNU/WIDER Operating Fund	UNU/INTECH Operating Fund	UNU/IIST Operating Fund	UNU/INRA Operating Fund	UNU/BIOLAC Operating Fund	UNU/IAS Operating Fund
Assets							
Cash and term deposits	14,525	3,391	2,310	340	-	-	-
Investments	-	-	-	-	-	-	-
Voluntary contributions from Governments receivable	-	-	-	-	3,094	-	-
Inter-fund balances receivable	6,541	2,514	-	1,163	460	1,326	-
Other accounts receivable	2,148	61	57	-	191	-	1,990
Other assets	249	7	4	13	-	-	-
TOTAL ASSETS	23,463	5,973	2,371	1,516	3,745	1,326	1,990
Liabilities							
Unliquidated obligations	3,314	1,265	257	260	167	100	396
Inter-fund balances payable	-	-	50	-	-	-	-
Other accounts payable	3,270	377	-	637	-	820	-
Other liabilities	-	-	-	-	-	-	-
TOTAL LIABILITIES	6,584	1,642	307	897	167	920	396
Reserves and fund balances							
Fund principal	-	-	-	-	-	-	-
Authorized retained surplus	716	851	317	-	-	-	-
Cumulative surplus (deficit)	12,924	3,033	1,762	557	3,309	409	1,116
Balances related to projects funded by donors	3,239	447	(15)	62	269	(3)	478
TOTAL RESERVES AND FUND BALANCES	16,879	4,331	2,064	619	3,578	406	1,594
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	23,463	5,973	2,371	1,516	3,745	1,326	1,990

UNITED NATIONS UNIVERSITY

Statement of assets, liabilities, reserves and fund balances as at 31 December 1995

(Thousands of United States dollars)

	Total Operating Fund		Total Endowment Fund		Grand total	
	1995	1993	1995	1993	1995	1993
Assets						
Cash and term deposits	20,566 a/	21,988	-	-	20,566 a/	21,988
Investments	-	-	278,946 b/	230,344	278,946 b/	230,344
Voluntary contributions from Governments receivable	3,094	3,200	11,809	23,582	14,903	26,782
Inter-fund balances receivable	12,004	7,629	-	24	- c/	-
Other accounts receivable	4,447	2,561	4,630	6,036	9,077	8,597
Other assets	273	293	-	-	273	293
TOTAL ASSETS	40,384	35,671	295,385	259,986	323,765 c/	288,004
Liabilities						
Unliquidated obligations	5,759	4,602	-	-	5,759	4,602
Inter-fund balances payable	50	982	11,954	6,671	- c/	-
Other accounts payable	5,104	1,804	-	-	5,104	1,804
Deferred income	-	-	400	10,550	400	10,550
TOTAL LIABILITIES	10,913	7,388	12,354	17,221	11,263 c/	16,956
Reserves and fund balances						
Fund principal	-	-	283,031	242,765	283,031	242,765 d/
Authorized retained surplus	1,884	916	-	-	1,884	916 d/
Cumulative surplus (deficit)	23,110	23,098	-	-	23,110	23,098 d/
Balances related to projects funded by donors	4,477	4,269	-	-	4,477	4,269 d/
TOTAL RESERVES AND FUND BALANCES	29,471	28,283	283,031	242,765	312,502	271,048
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	40,384	35,671	295,385	259,986	323,765	288,004

a/ Includes interest bearing bank deposits of $19,495,934

b/ Comprises investments in deposits, bonds and equities managed by the United Nations Investment Management Service.

c/ Net of adjustment for elimination of inter-fund balances.

d/ The comparative figures were reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Schedule 2.1

UNITED NATIONS UNIVERSITY
Combined status of voluntary contributions from Governments as at 31 December 1995
(Thousands of United States dollars)

Operating funds	Unpaid pledges as at 1 January 1994	Add: pledges for 1994-1995 and adjustments	Add: pledges for future years	Less: collection during 1994-1995	Add: gain (loss) on exchange	Unpaid pledges as at 31 December 1995
UNU/headquarters						
Barbados	-	2	-	2	-	-
Brazil	56	-	-	56	-	-
Egypt	50	-	-	50	-	-
France	-	39	-	39	-	-
Greece	-	80	-	80	-	-
Ireland	-	114	-	114	-	-
Japan	-	9,820	-	9,820	-	-
Jordan	-	713	-	713	-	-
Korea, Republic of	-	50	-	50	-	-
New Zealand	-	20	-	20	-	-
Spain	-	156	-	156	-	-
Subtotal	106	10,994	-	11,100	-	-
UNU/WIDER						
Finland	-	79	-	79	-	-
Sweden	-	26	-	26	-	-
Subtotal	-	105	-	105	-	-
UNU/INTECH						
Netherlands	-	1,654	-	1,654	-	-
Subtotal	-	1,654	-	1,654	-	-
UNU/IIST						
Macau	-	125	-	125	-	-
Subtotal	-	125	-	125	-	-
UNU/INRA						
Nigeria	50	-	-	-	-	50
France	3,044	-	-	-	-	3,044
Subtotal	3,094	-	-	-	-	3,094
UNU/BIOLAC						
Canada	-	87	-	85	(2)	-
Peru	-	10	-	10	-	-
Subtotal	-	97	-	95	(2)	-
UNU/IAS						
Japan	-					-
Subtotal		1,990	-	1,990	-	-
		1,990				
TOTAL	3,200	14,965	-	15,069	(2)	3,094

UNITED NATIONS UNIVERSITY
Combined status of voluntary contributions from Governments as at 31 December 1995
(Thousands of United States dollars)

Endowment fund	Unpaid pledges as at 1 January 1994	Add: pledges for 1994-1995 and adjustments	Add: pledges for future years	Less: collection during 1994-1995	Add: gain (loss) on exchange	Unpaid pledges as at 31 December 1995
Austria	-	272	-	272	-	-
China	500	2,000	-	2,000	-	500
Ghana	3,750	-	-	-	-	3,750
India	-	150	400	150	-	400
Macau	5,000	6,000	-	7,623	-	3,377
Portugal	-	2,000	-	2,000	-	-
United Republic of Tanzania	20	-	-	-	-	20
Venezuela	3,003	-	-	-	-	3,003
Zambia	759	-	-	-	-	759
TOTAL	13,032	10,422	400	12,045	-	11,809
GRAND TOTAL	16,232 a/	25,387	400	27,114	(2)	14,903

a/ Represents total unpaid pledges of $26,782,387 less $10,550,000 in future years' pledges unpaid as at 31 December 1993.

Statement III

UNITED NATIONS UNIVERSITY a/

Statement of cash flows for the biennium 1994-1995 ending 31 December 1995

(Thousands of United States dollars)

	UNU/HQ Operating Fund	UNU/WIDER Operating Fund	UNU/INTECH Operating Fund	UNU/IIST Operating Fund	UNU/INRA Operating Fund	UNU/BIOLAC Operating Fund	UNU/IAS Operating Fund
Cash flows from operating activities							
Net excess (short fall) of income over expenditure (statement I)	1,461	(479)	54	799	(444)	(329)	1,334
(Increase) decrease in contributions receivable	106	-	-	-	-	-	-
(Increase) decrease in other accounts receivable	(399)	(31)	20	20	494	-	(1,990)
(Increase) decrease in other assets	9	13	(4)	(13)	15	-	-
Increase (decrease) in unliquidated obligations	667	(32)	(49)	220	(72)	27	396
Increase (decrease) in accounts payable	2,533	(72)	-	244	(5)	600	-
Increase (decrease) in other liabilities	-	-	-	-	-	-	-
Less: interest income	(604)	(375)	(253)	-	-	-	-
NET CASH FROM OPERATING ACTIVITIES	3,773	(976)	(232)	1,270	(12)	298	(260)
Cash flows from investing and financing activities							
(Increase) decrease in investments	-	-	-	-	-	-	-
(Increase) decrease in inter-fund balances receivable	(1,863)	(636)	-	(1,164)	(405)	(307)	-
Increase (decrease) in inter-fund balances payable	-	-	(693)	(239)	-	-	-
Plus: interest income	604	375	253	-	-	-	-
NET CASH FROM INVESTING AND FINANCING	(1,259)	(261)	(440)	(1,403)	(405)	(307)	-
Cash flows from other sources							
Savings on, or cancellation of, prior periods' obligations	1,076	515	88	-	156	38	-
Transfers to (from) other funds	(560)	-	-	-	300	-	260
Other adjustments to reserves and fund balances	(1,936)	(519)	(224)	(334)	(39)	(29)	-
NET CASH FROM OTHER SOURCES	(1,420)	(4)	(136)	(334)	417	9	260
Net increase (decrease) in cash and term deposits	1,094	(1,241)	(808)	(467)	-	-	-
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	13,431	4,632	3,118	807	-	-	-
CASH AND TERM DEPOSITS, END OF PERIOD	14,525	3,391	2,310	340	-	-	-

UNITED NATIONS UNIVERSITY a/
Statement of cash flows for the biennium 1994-1995 ending 31 December 1995
(Thousands of United Nations dollars)

	Total Operating Fund		Total Endowment Fund		Grand total	
	1995	1993	1995	1993	1995	1993
Cash flows from operating activities						
Net excess (shortfall) of income over expenditure (statement I)	2,396	(614)	37,185	38,540	39,581	37,926
(Increase) decrease in contributions receivable	106	21	11,773	(13,935)	11,879	(13,914)
(Increase) decrease in other accounts receivable	(1,886)	(1,040)	1,406	(668)	(480)	(1,708)
(Increase) decrease in other assets	20	(183)	-	-	20	(183)
Increase (decrease) in unliquidated obligations	1,157	38	-	-	1,157	38
Increase (decrease) in accounts payable	3,300	(223)	-	-	3,300	(223)
Increase (decrease) in other liabilities	-	(167)	(10,150)	9,775	(10,150)	9,608
Less: interest income	(1,232)	(1,938)	(31,876)	(30,435)	(33,108)	(32,373)
NET CASH FROM OPERATING ACTIVITIES	3,861	(4,106)	8,338	3,277	12,199	(829)
Cash flows from investing and financing activities						
(Increase) decrease in investments	-	-	(48,602)	(44,735)	(48,602)	(44,735)
(Increase) decrease in inter-fund balances receivable	(4,375)	15,296	24	86	(4,351)	15,382
Increase (decrease) in inter-fund balances payable	(932)	982	5,283	(16,364)	4,351	(15,382)
Plus: interest income	1,232	1,938	31,876	30,435	33,108	32,373
NET CASH FROM INVESTING AND FINANCING	(4,075)	18,216	(11,419)	(30,578)	(15,494)	(12,362)
Cash flows from other sources						
Savings on, or cancellation of, prior periods' obligations	1,873	2,359	-	-	1,873	2,359
Transfers to (from) other funds	-	-	-	-	-	-
Other adjustments to reserves and fund balances	(3,081)	(1,389)	3,081	1,389	-	-
NET CASH FROM OTHER SOURCES	(1,208)	970	3,081	1,389	1,873	2,359
Net increase (decrease) in cash and term deposits	(1,422)	15,080	-	(25,912)	(1,422)	(10,832)
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	21,988	6,908	-	25,912	21,988	32,820
CASH AND TERM DEPOSITS, END OF PERIOD	20,566	21,988	-	-	20,566	21,988

a/ See notes 2, 3 and 4.

The accompanying notes are an integral part of the financial statements.

Statement IV

UNITED NATIONS UNIVERSITY

Statement of appropriations for the biennium 1994-1995 ending 31 December 1995

(Thousands of United States dollars)

Appropriation section	Appropriations	Expenditures			Balance
		Disbursements	Unliquidated obligations	Total	
UNU/headquarters					
Personnel costs	21,197	18,155	481	18,636	2,561
General expenses	4,196	3,814	422	4,236	(40)
Network/external activity costs	11,756	9,243	2,031	11,274	482
Headquarters building	6,000	4,412	380	4,792	1,208
Subtotal	43,149	35,624	3,314	38,938	4,211
UNU/WIDER					
Personnel costs	3,858	3,170	152	3,322	536
General expenses	1,185	915	72	987	198
Network/external activity costs	3,471	1,797	1,041	2,838	633
Subtotal	8,514	5,882	1,265	7,147	1,367
UNU/INTECH					
Personnel costs	2,487	2,366	47	2,413	74
General expenses	1,006	1,004	77	1,081	(75)
Network/external activity costs	1,964	1,429	133	1,562	402
Subtotal	5,457	4,799	257	5,056	401
UNU/IIST					
Personnel costs	1,531	1,356	78	1,434	97
General expenses	762	731	128	859	(97)
Network/external activity costs	1,516	372	54	426	1,090
Subtotal	3,809	2,459	260	2,719	1,090

Statement IV
(concluded)

UNITED NATIONS UNIVERSITY

Statement of appropriations for the biennium 1994-1995 ending 31 December 1995

(Thousands of United States dollars)

Appropriation section	Appropriations	Expenditures			Balance
		Disbursements	Unliquidated obligations	Total	
UNU/INRA					
Personnel costs	342	421	21	442	(100)
General expenses	230	178	28	206	24
Network/external activity costs	175	118	118	236	(61)
Subtotal	747	717	167	884	(137)
UNU/BIOLAC					
Personnel costs	-	-	-	-	-
General expenses	7	11	-	11	(4)
Network/external activity costs	912	615	100	715	197
Subtotal	919	626	100	726	193
UNU/IAS					
Personnel costs	1,109	515	178	693	416
General expenses	1,300	220	192	412	888
Network/external activity costs	1,564	4	26	30	1,534
Subtotal	3,973	739	396	1,135	2,838
GRAND TOTAL	66,568	50,846	5,759	56,605	9,963

Note 1. The United Nations University (UNU) and its activities

(a) The charter of the United Nations University (UNU) was adopted by the General Assembly of the United Nations on 6 December 1973 (resolution 3081 (XXVIII)).

(b) The mission of UNU, a non-traditional international educational institution, is to carry out scholarly work of the highest quality to help resolve pressing global problems of human survival, development and welfare. Towards this end, UNU focuses its research, postgraduate education and knowledge dissemination activities on the most critical problems of concern to the United Nations, particularly as they affect developing countries.

(c) Through its work, UNU strives to achieve two main goals: to strengthen the capacities of institutions of higher learning in developing countries to carry out high-quality research and training; and to make scholarly and policy-relevant contributions to the work of the United Nations.

(d) The University seeks to contribute to the work of the United Nations by serving as a reservoir of ideas and a catalyst for research and advanced training on policy-relevant issues. It disseminates the knowledge developed or illuminated through its efforts widely and in innovative media.

(e) The University also seeks to strengthen the capacities of developing country institutions by bridging the gaps between those institutions and those in the industrialized countries and promotes academic exchange among developing countries through networking. Its efforts are targeted at institutions where it is possible to leverage additional human and financial resources and to enhance the cumulative impact of UNU capability-strengthening initiatives. The objective of UNU institution-building is to create new centres of excellence in areas of importance to national development programmes.

(f) Academic activities during the period 1990-1995 under UNU's second Medium-term Perspective have been carried out within five programme areas:

(i) Universal human values and global responsibilities;

(ii) New directions for th world economy;

(iii) Sustaining global life support systems;

(iv) Advances in science and technology;

(v) Population dynamics and human welfare.

(g) To accomplish these objectives, UNU headquarters in Tokyo plans, coordinates and funds academic activities carried out through its Academic Division and through the following seven research and training centres and programmes:

- World Institute for Development Economics Research (UNU/WIDER), located in Helsinki;

- Institute for New Technologies (UNU/INTECH), Maastricht, the Netherlands;

- International Institute for Software Technology (UNU/IIST), Macau;

- Institute for Natural Resources in Africa (UNU/INRA), Accra;

- Institute of Advanced Studies (UNU/IAS), Tokyo;

- Programme for Biotechnology in Latin America and the Caribbean (UNU/BIOLAC), Caracas;

- International Leadership Academy (UNU/ILA), Amman.

Note 2. Summary of significant accounting policies

The following are the significant accounting policies of the United Nations University.

(a) The United Nations University accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, and administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller. They also take fully into account the common accounting standards for the United Nations System, as adopted by the Administrative Committee on Coordination. The General Assembly has taken note of these standards in its resolution 48/216 C. The United Nations University follows International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The United Nations University accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate

self-balancing double-entry group of accounts. Each fund is reported separately in the financial statements.

(c) The financial period of the United Nations University is a biennium and consists of two consecutive calendar years.

(d) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) The accounts of the United Nations University are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of United Nations rates of exchange for the last month of the financial period, a footnote will be included quantifying the difference.

(f) The United Nations University financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(g) The United Nations University financial statements are presented in accordance with the ongoing recommendations of the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) Working Party on Financial Statements. In the interest of harmonizing the presentation of financial statements within the entire United Nations system, the recommended standards require the presentation of financial results for the University's activities in statements I and II, a statement III presentation of its budget cash flows, and a statement IV presentation of the status of its budget appropriations.

(h) Certain reclassifications have been made to some of the comparative numbers shown in the financial statements for the biennium 1992-1993 in order for them to conform to the new financial statement formats. None of these reclassifications of the 1993 numbers represent any real change in the financial results for that period.

(i) Income and expenditure and changes in reserves and fund balances:

(i) The University derives its income from two sources - income from an Endowment Fund and contributions to the Operating Funds;

(ii) Pledged voluntary contributions from Governments to the Endowment Fund are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. Pledges for future years are recorded as deferred income;

(iii) All government contributions, unless otherwise specified, are credited to the Endowment Fund. The income derived from the investment of the Endowment Fund is allocated for the financing of the entities of the

University in accordance with the ratio of contributions to the Endowment Fund from the respective donors;

(iv) Allocations from other funds represent subventions from the Endowment Fund;

(v) Contributions for the University headquarters building represent contributions received from United Nations organizations and other organizations which occupy offices in the building and from outside users of the conference and exhibition facilities;

(vi) Interest income includes all interest and related investment income earned on invested funds, various bank accounts and time deposits;

(vii) Miscellaneous income includes sale of used or surplus property, refunds of expenditures charged to prior periods, income resulting from net gains in currency transactions, monies accepted for which no purpose was specified and other sundry income;

(viii) Other adjustments to reserves and fund balances represent the amounts reinvested in the Endowment Fund as approved by the University Council.

(j) Assets:

(i) Cash and term deposits comprise funds on deposit, certificates of deposit and call accounts;

(ii) Investments comprise investment in deposits, bonds and equities managed by the United Nations Investment Management Service. Funds managed by the United Nations Treasury and UNU on deposit in interest-bearing bank accounts, certificates of deposit, time deposits, call accounts and checking accounts are shown in the statement of assets and liabilities, reserves and fund balances as cash and term deposits. Apart from changes in value arising from the retranslation of currencies as provided for in subparagraph (e) above, all investments are stated at cost. No provision is made for amortization of premiums of discounts which are taken into account as part of the gain or loss when investments are sold;

(iii) The balances of unpaid contributions due from Governments are reported in schedule 2.1;

(iv) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period;

(v) For balance-sheet statement purposes, only those portions of the education grant advances which are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown under deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary accounts are charged and advances settled;

(vi) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other

non-expendable property and leasehold improvements are not included in the assets of the University. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is recorded in memoranda accounts and is disclosed in notes to the financial statements.

(k) Liabilities and reserves and fund balances:

(i) Deferred income includes pledged contributions for future periods;

(ii) Working capital funds represent the Endowment Fund of the United Nations University;

(iii) Authorized retained surplus represents the amounts set aside, as contingency funds approved by the Council of the University, to cover any shortfall or delay in the payment of expected contributions, compensate for any reduction in estimated income due to currency fluctuations and cover any special maintenance costs for the headquarters building;

(iv) Balances related to projects funded by donors represent the amount of specific programme contributions unspent during the period.

(l) Trust funds may be established by the Rector. The University follows the general provisions of the Secretary-General's bulletin on the establishment and management of trust funds (ST/SGB/188) and its supporting administrative instructions (ST/AI/284, ST/AI/285 and ST/AI/286), although, as indicated in paragraph 3 of document ST/SGB/188, that bulletin does not apply to such institutions as the United Nations University, which are subject to the administrative authority of their executive heads.

Note 3. Income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); cash flow (statement III)

(a) Statements I, II and III contain financial results for all United Nations University funds, which are totalled in seven groups of related funds, namely, the United Nations University headquarters, the World Institute for Development Economics Research (UNU/WIDER), the Institute for New Technologies (UNU/INTECH), the International Institute for Software Technology (UNU/IIST), the Institute for Natural Resources in Africa (UNU/INRA), the Programme for Biotechnology in Latin America and the Caribbean (UNU/BIOLAC), the Institute of Advanced Studies (UNU/IAS), and after eliminations consolidated into a grand total reflecting all activities of the organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any other purpose than that for which it is authorized.

(b) To comply with the new uniform financial statement formats, statement I includes two calculations of the excess (shortfall) of income over expenditure. The first calculation is used on income and expenditure only for the current period in the biennium. The second calculation shown is a net one, which includes any prior period adjustments to income or expenditure.

(c) The inclusion of the changes during the financial period shown in "Reserves and Fund Balances" as part of the statement of income and expenditure represents a major change in presentation to comply with the new financial statement formats. Formerly these changes had been included in the fund balance section of the statement of assets and liabilities.

(d) The Cash Flow statement was presented in prior financial reports in a different format as an annex to the financial statements. The current format is based on the "indirect method" of cash flow statements covered by International Accounting Standard Number 7.

Note 4. United Nations University funds (statements I, II and III)

(a) Cash and term deposits, and investments:

The following table shows the status of the cash and term deposits, and investments by currencies and by type of investments, in thousands of United States dollars, included in statement II as at 31 December 1995:

	Total		Total
United States dollars	122 586	Cash and deposits	66 384
Japanese yen	90 732		
Finnish markkaa	8 233	Bonds	186 076
Netherlands guilders	25 153		
Other	52 808	Equities	47 052
Total	299 512 a/	Total	299 512 a/

a/ The market value of the funds as at 31 December 1995 was $320 million.

(b) Voluntary contributions from Governments receivable:

The following table is an aged analysis of the pledged contributions unpaid, in thousands of United States dollars, included in statement II as at 31 December 1995:

	Less than two years/ future years	More than two years, less than five years	More than five years	Total
China	500	-	-	500
France	-	-	3 044	3 044
Ghana	3 750	-	-	3 750
India	400	-	-	400
Macau	3 377	-	-	3 377
Nigeria	-	50	-	50
United Republic of Tanzania	-	20	-	20
Venezuela	-	-	3 003 b/	3 003 b/
Zambia	-	-	759	759
Total	8 027	70	6 806	14 903

b/ A memorandum of understanding and agreement signed in Caracas on 8 January 1988 and in Tokyo on 15 March 1988 provides for the payment of this pledge in due course although it has been suspended for the time being.

(c) Non-expendable property:

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the United Nations University but is charged against the current budget when acquired. The following table shows non-expendable property at UNU headquarters and the UNU's Research and Training Centres and Programmes (RTC/Ps), according to the cumulative inventory records, as purchased by the UNU, as at 31 December 1995 (in thousands of United States dollars):

UNU headquarters, Tokyo	1 697
UNU/Office in North America, New York	49
UNU/Office in Europe, Paris	28
UNU/WIDER, Helsinki	293
UNU/INTECH, Maastricht	187
UNU/IIST, Macau	249
UNU/INRA, Accra	110
UNU/INRA Unit, Lusaka	128
UNU/BIOLAC, Caracas	9
UNU/IAS, Tokyo	26
Total	2 776

In addition to the above-listed inventory records, furniture and equipment for UNU headquarters and the RTC/Ps have been made available by the respective host countries, and certain private donations have also been received. Separate inventory records are maintained for such furniture and equipment and donated items.

(d) Accounts receivable:

The following table is an aged analysis of the accounts receivable, in thousands of United States dollars, included in statement II as at 31 December 1995:

	Less than one year	More than one year	Total
Staff	198	30	228
Vendor	5	91	96
Accrued interest	4 660	-	4 660
Other	4 093	-	4 093
Total accounts receivable	8 956	121	9 077

(e) Deferred charges (other assets):

The following table is an analysis of the deferred charges, in thousands of United States dollars, included in statement II as at 31 December 1995:

	Total
Education grant advances	31
Charges in transit from offices away from Tokyo (inter-office vouchers)	242
Total	273

(f) Other accounts payable:

The following table is an analysis of the accounts payable, expressed in thousands of United States dollars, included in statement II as at 31 December 1995:

	Total
Staff	-
Vendors	11
UNU headquarters	1 009
Other	4 084
Total accounts payable	5 104